

Rep. Peter Welch on Monday unveiled legislation to help Vermont businesses, workers and taxpayers confront the growing fiscal crisis caused by the depletion of the state's Unemployment Insurance (UI) trust fund.

Alongside business, labor and state government leaders at a Montpelier press conference, Welch introduced a new bill, H.R. 4282, which would extend for two years an American Recovery and Reinvestment Act (ARRA) provision allowing states to avoid paying interest on loans to cover shortfalls in their UI trust funds.

"This common sense legislation provides critical federal support to Vermont and other states struggling to assist unemployed workers," Welch said. "By extending the delay in interest accrual, Vermont businesses, workers and taxpayers will be spared an additional burden during tough economic times."

The state of Vermont is expected to begin taking out loans in early 2010 to cover the shortfall in its UI trust fund and, if it does not take action, it may have to borrow as much as \$350 million over the next ten years. Because interest cannot be repaid from UI trust revenues, the state will have to finance interest payments with new taxes or additional budget cuts.

When it was signed into law last February, the ARRA delayed interest accrual for state UI trust loans through Dec. 31, 2010. Welch's bill would extend that provision until Dec. 31, 2012, potentially saving the state \$20 million.

Joining Welch at the press conference were Vermont House Speaker Shap Smith, Vermont Department of Labor Commissioner Patricia Moulton Powden, Vermont Chamber of Commerce President Betsy Bishop, Lake Champlain Regional Chamber of Commerce President Tom Torti and Vermont AFL-CIO Political Director Dennis LaBounty.